



July 7, 2004

Board of Governors of the Federal Reserve System
Attn: Jennifer Johnson, Secretary
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

Subject: Docket No. OP-1196

Dear Ms. Johnson:

Boeing Employees' Credit Union (BECU) appreciates the opportunity to comment on the study on debit card fees. BECU is a state-chartered, federally insured credit union with assets of \$4.6 billion and a membership base of over 350,000.

We will address the questions presented in the request for information.

It was asked how adequate and effective the current required disclosures are in making the consumer aware of the circumstances under which account-holding institutions impose a fee when a consumer uses a debit card to make a purchase at a Point-of-Sale (POS) terminal. We have concerns with requiring the account-holding institutions that impose the fee to provide information at the POS terminal. In our opinion, this is not consistent with how ATM transactions are handled and we feel this could cause additional confusion. Additionally, to require financial institutions to disclose these fees at POS terminals is not necessarily feasible due to the existing system infrastructure and network messaging standards, possible POS terminal and receipt printer limitations, and the complexity and variations in fee structures that may be implemented by financial institutions. Some financial institutions do not process real-time and it would pose an issue for financial institutions that do process real-time but are in stand-in at the time of the transaction.

The majority of debit card users do not understand nor do they appear to care about the differences in revenue to a financial institution or merchants between a signature-based or pin-based transaction. The debit card has been marketed as a replacement for checks, convenience, etc., and now most individuals use the card in some form. This is similar to the ATM surcharge issue. Individuals became accustomed to using ATMs, and then financial institutions began surcharging. ATMs now have a screen informing the user that they are going to be charged. BECU has no plans to charge for this transaction. We leave it up to our member to decide how they want to complete their transaction.

It was asked how effective the three required disclosures are and in our opinion, the information provided in them is adequate. We feel financial institutions should be required to make the disclosures clear and easy to understand without all of the legal terminology and vague phrases like "could be", "may be", etc.

On PIN-use fees, we recommend disclosing these with the other fees, at the time of the transaction, on the receipt and on the periodic statement. To keep these fees as the other fees are

disclosed would promote consistency. That would keep things simple and clear for the consumer and not require them to look in more than one location for various fees.

We feel additional disclosures in the periodic statements would be beneficial to the consumers. Any fee imposed by the financial institution to the consumer, regardless of its origination, should be disclosed separately on the periodic statement. However, we do not feel it's necessary to reflect the source or recipient of the fee, if that information is noted with the service that was provided. We also do not feel it's necessary to reflect the total amount of fees for that reporting period or a year-to-date amount.

Thank you for the opportunity to respond on the proposal. We look forward to the final outcome.

Sincerely,

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Gary J. Oakland
President and CEO

Grace Lemington

Grace Semingsen
Vice President of Member Services